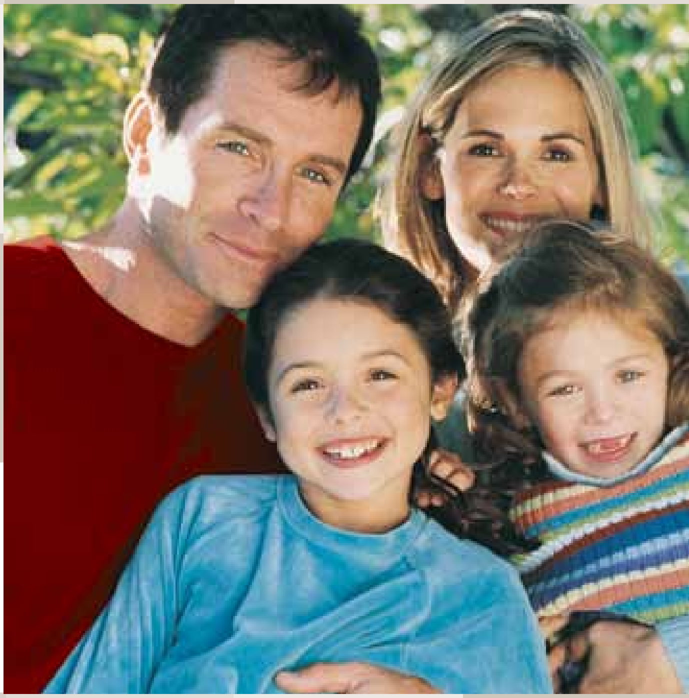
Canada Life™

Millennium universal life insurance



ADVISOR GUIDE

Permanent protection that can change with you

Millennium universal life insurance

Millennium universal life insurance is versatile permanent life insurance protection with a tax-advantaged investment component.

With *Millennium* you can customize solutions that change over time to fit your clients' evolving lifestyle, budget and savings objectives.

Millennium is primarily for individuals who need permanent life insurance protection and who are also seeking a tax-advantaged investment vehicle. *Millennium*'s total account value grows on a tax-advantaged basis.

In addition to providing security and protection through its life insurance component, *Millennium* can provide an additional source of income for emergencies retirement, or for estate planning needs.

This guide provides detailed product information to help you successfully introduce the benefits of *Millennium universal life insurance* to your clients.

Millennium at a glance

Insurance component

- Guaranteed cost of insurance (COI) rates
- Guaranteed monthly expense charges
- Five cost of insurance (COI) options: level, annually increasing (AI), limited-pay (10-pay, 15-pay and 20-pay)
- Ability to switch between COI options
- No premium load (other than provincial premium tax)
- Two straightforward death benefit options
- Substitute life provision
- Multiple lives benefit that allows your client to insure up to five additional people under one policy without any additional policy fees
- Joint first-to-die and joint last-to-die coverage available on all COI options
- Change from joint first-to-die to joint last-to-die for AI and level COI options
- Joint last-to-die coverage with total account value pay-out on first death
- Lump-sum cash payout on disability
- Riders and additional benefits, including *Simply Preferred term life insurance* riders and *LifeAdvance*® critical illness riders

Investment component

- Forty-two variable interest options (VIOs) to choose from
- Daily interest option (DIO) and guaranteed interest options (GIOs) with minimum interest guarantees
- A five-year GIO, 10-year GIO and three VIOs guaranteed to be available for the life of the contract
- Guaranteed cash value on limited-pay COI coverages beginning at the fifth coverage anniversary
- Ability to proportionately allocate deposits to guaranteed and variable interest options
- Unlimited free transfers between interest options within the policy
- A Millennium Accumulator option that allows increased tax-advantaged savings within the policy
- Choice between interest options with lower management fees and interest options that qualify for bonus interest. Bonus interest has two components:
  - Guaranteed bonus that enhances the interest crediting rate starting in policy year 10
  - Funding bonus that enhances the interest crediting rate, based on premium contributions, and the total account value, starting as early as policy year two.
- No transaction charge on the first withdrawal in any policy year

Note: Associated with, but not forming part of the insurance contract, is the Millennium Account. This account, provided under a separate contract, is a flexible premium account offering a choice of interest options.

Contents

Insurance component

Issue ages

The issue age is based on the life insured's age at his or her nearest birthday.

Annually increasing (AI) cost of insurance (COI) basis

Single life

0 - 75

Joint first-to-die

Minimum issue age: 18 for the youngest insured

Maximum issue age: 75 equivalent single age (ESA)

Joint last-to-die

Minimum issue age: 18 for the youngest insured

Maximum issue age: 75 equivalent single age (ESA) and oldest insured age 85

Limited-pay COI basis

Single life

10-pay: 0 - 85

15-pay: 0 - 85

20-pay: 0 - 80

Joint first-to-die

Minimum issue age: 18 for the youngest insured
Maximum issue age: ESA of 85 for 10-pay, ESA of 85 for 15-pay, ESA of 80 for 20-pay

Joint last-to-die

Minimum issue age: 18 for the youngest insured
Maximum issue age: 85 for the oldest insured, ESA of 85 for 10-pay, ESA of 85 for 15-pay, ESA of 80 for 20-pay

Level COI basis

Single life

18 - 85

Joint first-to-die and joint last-to-die

Minimum issue age: 18 for the youngest insured

Maximum issue age: ESA 85 for joint first-to-die, oldest insured's age 85 for joint last-to-die

From ages 0 – 17:

- AI COI coverages are issued with juvenile rates. The policyowner may request a change from juvenile rates to non-smoker rates at the policy anniversary nearest the insured's 18th birthday, subject to evidence of insurability. As a default, the *Concourse* illustration software allows the user to illustrate a change to non-smoker rates at age 18 (if non-smoker is elected on the Client Information screen); if smoker is elected smoker rates will be shown starting at age 18. When illustrating non-smoker rates the summary page text indicates that these must be applied for.
- Limited-pay COI rates are issued with composite rates and therefore it is not necessary or possible to switch to non-smoker or smoker rates at age 18.

Cost of insurance

Millennium offers five COI options, as follows:

Annually increasing (AI) COI

At each monthly deduction date, the COI rate is based on the life insured's sex, current age and rate class. Once set, the AI rate scale is guaranteed for the duration of the coverage. Increases or decreases in AI COI coverage amount affect the existing banding to determine the new COI rate. The AI banding considers all COI coverages within the policy including multiple lives benefit and optimal increases and decreases. AI costs cease at the insured's coverage anniversary nearest age 100.

Limited-pay COI (10-pay, 15-pay and 20-pay)

The COI rate is based on the issue age nearest, sex and rate class of the insured and the policy band at the time the coverage is issued. A set schedule of charges for 10 years, 15 years or 20 years is selected. Once set, the COI rate is guaranteed for the duration of the coverage. Limited-pay coverage can be reduced. There are no surrender charges associated with the limited-pay COI. Limited-pay coverage can only be increased after issue by adding new coverage.

Limited-pay COI rates are not available in combination with the level death benefit option.

For limited-pay COI rates, increases or decreases in coverage amount do not affect existing banding, but existing coverage is taken into account to determine the band that applies to any increase. While the new band applies to the increase, it doesn't apply to the existing coverage.

Guaranteed cash value:

- Starts at the fifth coverage anniversary and continues for the duration of the coverage
- Is separate and not included in the total cash value
- Is associated with each limited-pay COI coverage and appears in the policy contract for the coverage included at issue
- Is available for a collateral loan, cash surrender tied to coverage reductions (a contract amendment is required), full surrender, policy loan or automatic loan to cover monthly charges
- Is based on rates per thousand of coverage with no banding. The rate varies based on standard risks (male, female, smoker and non-smoker), issue age and coverage duration. Rating has no effect on the guaranteed cash value.
- Is not added to the death benefit and isn't paid on first death for multiple life, joint coverage or for proportional account value payouts
- Is not included in calculating lump-sum cash payout on disability
- The policyowner can reduce his or her limited-pay coverage after issue – the guaranteed cash value is reduced to the level appropriate for the remaining coverage amount and current duration. The difference in cash value can be moved to the account of choice within the policy to become part of the total account value or it can be directly withdrawn (tax may be applicable).
- The guaranteed cash value for all types of coverage is added together on the illustration under the cash surrender value column and appears separately on the cash value analysis report – this report is automatic and mandatory when limited-pay COI is selected.

  Example: If the guaranteed cash value is $4,000, the total account value is $1,000 and the surrender charges from AI and level COI coverages is $2,500, then the total cash surrender value is $4,000. The total account value of $1,000 is reduced to $0 by the surrender charges, however the guaranteed cash value from the limited-pay COI coverage isn't affected by the surrender charges.

Guaranteed level COI

The level COI rate is based on the issue age nearest, sex and rate class of the insured and the policy band at the time the coverage is issued. Once set, the level COI rate is guaranteed for the duration of the coverage. For level COI rates, increases or decreases in coverage amount do not affect existing banding, but existing coverage is taken into account to determine the band that applies to the increase. While the new band applies to the increase, it doesn't apply to the existing coverage. Level COI rates aren't available in combination with the level death benefit option.

Level COI costs cease at the insured's coverage anniversary nearest age 100 or ESA 100 for joint coverages.

Switching from AI or level COI to limited-pay COI

Switching from AI or level COI to limited-pay COI is allowed at any time, up to the maximum issue age for the chosen limited-pay coverage, without evidence of insurability. The minimum face amount to be eligible to switch from AI or level COI to limited-pay COI on a joint basis is $50,000. Limited-pay COI coverage cannot be switched to any other cost of insurance coverage.

The change to limited-pay COI is done at attained age, calculated on an age nearest basis. The rate is determined based on the current policy band, and the cost of insurance schedule (10, 15 or 20 years), and those rates in effect at the time of the change. The payment schedule starts at the time of the change. For example, a change to 10-pay in year five of the original coverage means the limited-pay COI rates are payable for 10 more years, not five years. The limited-pay coverage cannot be increased after issue except by adding new coverage.

Switching from AI to level COI or changing to limited-pay COI

If the switch is for the primary basic coverage, the duration for the guaranteed monthly expense charge will change to match the level (primary insured's nearest age 100) or limited-pay cost of insurance period, i.e., 10, 15 or 20 years. The charges for any other coverages, riders or benefits on the policy aren't affected. Surrender charges remain the same after the switch.

When switching from AI or level COI and the total coverage on a given life exceeds $10 million a special quote is required from your regional marketing centre. The switch to level or limited-pay COI is done at the attained age, calculated on an age nearest basis, and the rate is determined based on the current policy band and those rates in effect at the time of the switch. Once set, the level or limited-pay COI rate is guaranteed not to change for the COI duration. However, if there is a change from AI or level to limited-pay COI, the surrender charges on the original coverage continue.

COI bands

Banding is completed at the policy level and includes all basic primary, joint and multiple lives coverage. COI banding doesn't consider riders and benefits.

Band 1: $25,000 to $99,999
Band 2: $100,000 to $249,999
Band 3: $250,000 to $499,999
Band 4: $500,000 to $999,999
Band 5: $1,000,000+

Back-dating

A policy issue date may be back-dated up to six months from the date of underwriting approval. Additional premiums are required at time of issue to cover the minimum premium requirements over the back-dated period. The COI and other policy charges are deducted from these additional premiums, with the balance contributing to the policy total account value.

Proceeds being invested in a back-dated policy aren't credited with interest for the period before the proceeds are received.

Issue limits

The minimum face amount is $25,000 for a single life coverage and $50,000 for joint first-to-die and joint last-to-die coverage.

There is no pre-set maximum face amount. However, a special quote is required if the combined coverage inforce at Canada Life on the prospective life insured would exceed $10 million. For amounts over $10 million, a special quote is required from your regional marketing centre.

Multiple lives

Policyowners may insure up to five lives in addition to the primary insured. Each life insured may have permanent life insurance coverage, and a separate beneficiary may be named for each life insured. Policyowners can at any time request that one or more lives no longer be covered under the policy. They can also add new lives with evidence of insurability.

Life insurance coverage options

Joint life coverage

- Joint first-to-die (AI, level or limited-pay COI)
- Joint last-to-die (AI, level or limited-pay COI)
- Coverage changes from joint first-to-die to joint last-to-die available on AI and level COI
- Conversions from a joint policy to a single-life policy are not permitted, unless under an exchange from a joint first-to-die to two single-life policies.

Joint first-to-die

A joint first-to-die coverage pays a death benefit on the death of the first-to-die of the lives insured under the coverage. The joint first-to-die coverage terminates upon payment of the death benefit. If the policy includes additional coverage under the multiple lives benefit, the policy continues with an additional insured becoming the primary insured under the replacement-of-primary-insured provision of the multiple lives benefit. Joint first-to-die is available on all COI options. For joint first-to-die with AI COI there is a maximum of two lives in the policy.

Survivor benefit for joint first-to-die coverages

Millennium's survivor benefit provides an option for the policyowner or surviving life insured on a joint first-to-die coverage to take out a new *Millennium* policy at attained age without evidence of insurability. Where the surviving life insured isn't the policyowner, and the policyowner doesn't exercise the option, the survivor is entitled to exercise it and be the owner of the new policy. The option must be exercised within 60 days of the date of death of the first-to-die and before the survivor has reached insurance age 71 or, if the survivor reaches that age within two years of the coverage issue date, then it must be exercised before the day that follows that two-year period.

The *Millennium* survivor benefit also provides automatic temporary coverage on the life of the surviving life insured from the date of death of the first-to-die. The amount of this coverage is equal to the net amount at risk of the joint first-to-die policy in effect at that time. The automatic temporary coverage is in effect for 60 days or until the surviving life insured has exercised the policy's permanent coverage option if earlier.

If the deaths of both life insureds take place in circumstances that make it uncertain as to which survived the other, Canada Life pays out the death benefit in accordance with the common disaster provision of the policy. If the survivor benefit is in effect at the time of the first death, the amount of the payout is determined taking into account the temporary coverage described above.

Exchange from joint first-to-die to two single-life policies

Without providing evidence of insurability, two lives insured under a joint first-to-die coverage, for AI or level COI only, can each exchange to single-life coverage at their current age. Each insured is able to retain 50 per cent of the total joint coverage amount (net amount at risk).

The exchange to single-life coverage must be completed prior to the fifth coverage anniversary. After the fifth anniversary, exchanges are restricted to within 60 days of a legal separation or partnership dissolution. This exchange benefit isn't available if the oldest insured's attained age is greater than 70 when the benefit is exercised, or for joint first-to-die coverages having more than two insureds.

The new single-life coverage can be added to an existing policy or to a new permanent non-participating life insurance policy offered at the time the exchange is completed.

Joint last-to-die

A joint last-to-die coverage pays a death benefit on the last to die of the lives insured under the coverage. The joint last-to-die coverage terminates at this time.

If the policy includes additional coverages under the multiple lives benefit, the policy continues with an additional insured becoming the primary insured using the replacement-of-primary-insured provision.

Benefit on first death

For joint last-to-die coverages with a coverage plus death benefit, the policyowners may name a beneficiary to receive a payment upon the first death of the joint insureds, equal to a portion of the unloaned total account value. The portion payable may be elected by the policyowners at any level above 25 per cent, as long as the total account value remaining is equal to at least 12 times the current monthly deductions.

Unless policyowners have chosen this benefit, the portion of total account value payable upon the first death is zero per cent. This benefit, along with the percentage amount, must be elected at the time of application or at the time of a change from joint first-to-die coverage to joint last-to-die coverage. After the policy has been issued and before the first death, the percentage can be reduced. The election of the portion of total account value payable on first death is separate from the election of a portion of total account value payable in accordance with the terms of the multiple lives benefit. The guaranteed cash value isn't paid on the first death for multiple lives, joint coverage or for proportional cash value payouts. This benefit is subject to tax legislation in effect at the time of the claim.

The benefit on first death may be selected when changing a joint first-to-die coverage to joint last-to-die coverage.

Note: This benefit isn't available if one of the joint applicants is over the age of 75 at the time of issue. There are no COI charges associated with this benefit.

Coverage change from joint first-to-die to joint last-to-die (AI and level COI only)

A change from joint first-to-die to joint last-to-die must occur after year six for the coverage and prior to the policy anniversary for the joint first-to-die age nearest ESA 82. The policyowners must request the change. The benefit-on-first-death option is available on the new joint last-to-die policy coverage. If a COI change is requested, the current ages are used for the ESA calculation. Canada Life's current practice is not to charge for this change. The exempt test continues to be based on the youngest insured's age nearest.

Full coverage change to joint last-to-die involving no change in COI type:

- The coverage date and issue date are the same as the original date of the joint first-to-die coverage.
- The joint last-to-die ESA calculation uses the single life ages and risk information in place at the latest of the following:
  - Original joint first-to-die coverage date
  - Date when the COI was changed (AI to level)
  - Date of any life substitution
- The ESA calculation methodology and COI rates in effect on the date of the coverage change to last-to-die are used.
- The Millennium Accumulator coverage type changes to joint last-to-die using the same rules as the basic coverage.
- Benefit on first death can be elected for the new joint last-to-die coverage.
- A change under this provision may have tax implications, including increasing your taxable income.

Partial coverage change to joint last-to-die:

- COI rates and ESA calculation methodology are those in effect on the effective date of the coverage change (same as a full coverage change).
- For level COI, the methodology is the same as a full coverage change as described above. The ESA calculation uses original single ages as at the latest of:
  - Original joint first-to-die coverage date
  - Date the COI type was changed
  - Date of any life substitution
- For AI COI, the ESA calculation uses the current individual ages nearest for the insureds, original individual risks, current COI rates and current ESA calculation.
- Account value allocations will change because a new coverage is being introduced.
- A change under this provision may have tax implications, including increasing your taxable income.

Death benefit options

Coverage plus death benefit

The death benefit that an insured's beneficiary receives is equal to the coverage amount plus the total account value of the policy. The monthly COI charge is based on a constant amount at risk (assuming no changes to the policy or Millennium Accumulator increases) and only increases if an AI COI option is selected.

The death benefit changes as the total account value fluctuates.

When using the multiple lives benefit option with the coverage plus death benefit option, the policyowners must choose one of the following three options at the time of application:

- **Pro-rated total account value**

  The insurance amount and a pro-rated amount of the total account value are paid on each death. The amount of total account value payable is pro-rated according to the deceased life insured's percentage of the total insurance amount.

- **Elected per cent of total account value**

  The insurance amount and a specified percentage of the existing total account value are paid out on each death. The portion payable may be chosen by policyowners at any level at or above 25 per cent, as long as the total account value remaining after the payment is equal to at least 12 times the monthly deduction at the time of the payment.

- **Total account value on last death**

  The insurance amount is paid on each death. The accumulated total account value is paid on the last death only and the policy terminates at that time.

Guaranteed cash values associated with limited-pay COI aren't included in any of the account value payout choices.

Level death benefit

The level death benefit is equal to the insurance face amount or the total account value, whichever is greater. As the total account value varies over time, the insurance amount (net amount at risk) also varies. This extra factor in addition to AI rates results in changes in the COI charges. The level death benefit option should be considered for policyowners whose insurance needs aren't likely to increase and who plan to reduce the net amount at risk by excess funding the policy.

The level death benefit option isn't available in combination with level or limited-pay COI coverage.

Changes in death benefit options

Coverage plus to level death benefit

This change is permitted without evidence of insurability. While the insurance face amount doesn't change, the death benefit and net amount at risk are reduced, since the death benefit now includes the total account value. Changing from coverage plus to a level death benefit option doesn't reduce surrender charges.

Level death benefit to coverage plus

This change increases the net amount at risk by an amount equal to the existing total account value. Underwriting is required for the amount of this increase, unless the policyowners choose to reduce the face amount to avoid an increase in the net amount at risk.

Increases in insurance amount

- No increase in insurance amount is allowed in the first year after the policy issue date.
- The minimum increase allowed is $25,000.
- Increases resulting in a total death benefit of more than $10 million on a particular life require a special quote from Canada Life's head office.
- Increases add to the target premium on an attained-age basis and result in new surrender charges for the increase portion.
- All increases take effect on the monthly deduction date following underwriting approval.

Decreases in insurance amount

- For level and limited pay cost of insurance options, no reduction in insurance amount is allowed for the first two years after issue.
- For annually increasing cost of insurance options, no reduction in insurance amount is allowed for the first seven years after issue. (For consideration of a reduction before the seventh anniversary, requests must be submitted in writing to head office for review. Exceptions must be approved by Canada Life and will be based on a client's personal circumstance.)
- The minimum decrease allowed is $10,000.
- The remaining death benefit must not be less than $25,000 per insurance coverage on a particular life, unless the decrease results from an optimal decrease under the Millennium Accumulator provisions.
- Decreases result in a reduction of the COI.
- Decreases do not result in a reduced surrender charge.
- All decreases are monitored in an effort to ensure the tax-exempt status of the policy is maintained.
- Decreases are taken first from AI coverages, and then level, then limited-pay, starting with the most recent increases for each coverage type, because of the higher COI associated with such attained-age additions.
- Each decrease takes effect on the monthly deduction date following the date the request is received at Canada Life's head office.
- Policyowners can reduce limited-pay coverage after issue. The guaranteed cash value is reduced to the level appropriate for the remaining coverage amount and current duration. The difference in cash value can be moved to the account of choice within the policy or withdrawn directly (tax consequences may arise).

An insurance coverage cannot be reduced below $25,000 (minimum issue amount is currently $25,000).

A request for a reduction in remaining coverage to less than $25,000 results in the surrender of that coverage and the applicable surrender charge applies. If a decrease in coverage results in a negative total account value, the policy lapses unless sufficient premiums are received to produce a positive total account value.

Replacement of primary insured

If multiple lives coverage is inforce on the date of the death of the primary insured, one of the additional insureds becomes the primary insured of the policy, subject to the following provisions:

- The person who becomes the primary insured is the additional insured who has the longest remaining coverage duration under the policy.
- If two or more additional life insureds have the same remaining coverage duration, then the oldest becomes the primary insured.

There are no changes in coverage on the life of the new primary insured, except that any riders or additional benefits on the life of the deceased primary insured terminate at his or her death, and don't provide coverage for the new primary insured. The new primary insured is no longer covered as an additional life insured under the policy.

Multiple lives conversion option

Millennium offers a conversion privilege to the additional insureds, allowing each of them to purchase a policy of their own without evidence of insurability. The new policy must be a *Millennium* policy unless otherwise agreed to by Canada Life. This benefit must be exercised within 30 days of termination of the base policy or a written request by the policyowner to terminate the additional life coverage.

The insurance age of the insured under the new policy is the age at his or her birthday nearest the new policy date. If the COI rate applicable to the original coverage is level or limited-pay COI, the level or limited-pay COI rates for the initial amount of converted insurance are the COI rates applicable for the coverage that is terminating. When limited-pay COI is selected, the related guaranteed cash value for the converted coverage will move to the new policy. There may be tax implications from exercising this option.

Adding multiple lives to a joint policy

Policyowners may insure up to five additional lives on a joint policy. An individual insured under a joint last-to-die policy may be added as an additional insured under the multiple lives benefit. An individual insured under a single life or joint first-to-die policy may not be added as an additional insured under the multiple lives benefit.

Common disaster provision

Death of two or more additional insureds

Under any death benefit option, if the deaths of two or more of any additional insureds take place in circumstances that make it uncertain who survived the others then the deaths are presumed to have occurred in order of age, with a younger insured presumed to have survived an older insured.

Death of one or more joint insureds and additional insureds

When one or more joint insureds and additional insureds die in circumstances that make it uncertain who survived the others, the joint insureds are presumed to have survived all additional insureds.

Death of two or more joint insureds

If the deaths of two or more joint insureds take place in circumstances that make the sequential order of their deaths and the determination of the primary insured uncertain, the following will apply:

- The amount of claim proceeds applicable for any joint coverage payable (base coverage and temporary coverage if applicable) on the primary insured's death shall be divided by the number of joint insureds, into equal portions, with each portion paid and with respect to each joint insured, as if that joint insured was the primary insured.

For joint first-to-die policies, under the survivor benefit, a further amount may be payable in accordance with the automatic temporary coverage provision.

Substitution of life insured

Upon written request, policyowners may choose to substitute a primary life insured, subject to the following conditions:

- Canada Life must receive satisfactory evidence of the insurability of the proposed life insured.
- The policyowner must have an insurable interest in that person’s life, or that person must have consented to the insurance (where the law allows consent to satisfy an insurable interest requirement).
- If approved, the coverage on the substitute life insured is issued at the attained age and at the current rates.
- Canada Life may charge a fee for the administrative and underwriting expenses.
- Canada Life reserves the right to cancel any benefits and riders attached to the original life insured for whom the policyowners are choosing to elect a substitute.

This provision is subject to tax legislation in effect at the time of the substitution of the life insured.

Millennium Accumulator

The purpose of the Millennium Accumulator is to provide for the modification of the insurance amount to maintain the tax-exempt status of the policy under the Income Tax Act (Canada), as described in the taxation provision. The modifications depend on the accumulator option specified by the policyowner and may include a combination of automatic increases and optimal decrease modifications described below.

The following options are available:

- Automatic increases only
- Optimal decreases only
- Both automatic increases and optimal decreases
- No automatic increases and no optimal decreases

If the policyowner does not specify an accumulator option at the time of application, the default option is automatic increases and optimal decreases with AI COI.

At time of application, the policyowner can select AI, level or limited-pay COI charge for coverage increases obtained through this benefit.

For term conversions, satisfactory evidence of insurability must be provided to add this feature.

If the client does not specify a Millennium Accumulator option at time of conversion, then the default option is no automatic increases and no optimal decreases. Electing automatic increases on conversion requires evidence of insurability.

Automatic increases

This option can be elected or terminated at any time, subject to the following provisions:

- At each policy anniversary with a maximum attained age of 85, Canada Life determines if an increase in the insurance amount is necessary to keep the policy exempt from accrual taxation. If such an increase is required, Canada Life automatically increases the insurance amount up to the maximum allowable under current legislation (eight per cent increase of the prior year total death benefit).
- The sum of the original insurance amount and the accumulated automatic increases cannot exceed 2.5 times the original insurance amount, nor can the total insurance amount on the primary insured(s) exceed $25 million.
- Any excess funds remaining in the total account value after the maximum automatic increase are transferred to the Millennium Account until they can be deposited back into the policy without jeopardizing its tax-exempt status. The transfer may result in taxable income to policyowners. The automatic increase applies exclusively to the basic insurance amount on the primary insured, excluding any riders or multiple lives coverages.
- This option can be elected at no charge. However, an automatic increase of the insurance amount results in an increase to the policy's COI and minimum premium. There isn't an increase in surrender charges. Any such increase in the COI is based on the primary life insured's attained age or joint attained age, as applicable.
- Policyowners may choose this option at issue with no additional underwriting. Once this option has been elected, required increases are made automatically, without evidence of insurability.
- If the policyowner declines this option at issue, evidence of insurability is required to choose the option once the policy is inforce.
- If the policyowner declines an increase or requests a decrease in the insurance amount, the option is terminated and evidence of insurability is required to elect it again. This provision excludes a decrease in the insurance amount resulting from an optimal decrease under the Millennium Accumulator provision or from a partial withdrawal from a policy with a level death benefit option. If the policyowner declines an increase, a transfer has to be made from the policy to the Millennium Account, and taxable income to policyowners could arise.

Optimal decreases

This option can be elected or terminated at any time, subject to the following provisions:

- Optimal decreases aren't applied against any coverage established with a level or limited-pay COI rate, nor are they applied against any coverage under the multiple lives benefit.
- Optimal decreases, when elected, are successively applied against automatic increases first, then against the most recent coverage added to the policy, and finally against the insurance amount at issue. The insurance amount in effect immediately following the decrease may not be less than $1.
- The minimum premium, target premium and maximum premium amounts are recalculated at the effective date of the optimal decrease, and monthly deductions are reduced accordingly.
- Optimal decreases aren't made automatically. Canada Life gives policyowners notice of possible optimal decreases once a year and policyowners are asked to select each decrease in writing. Any optimal decrease takes effect on the monthly deduction date following the date Canada Life receives the election.

Monthly deductions

Each month, deductions are made from the interest options that make up the policy's total account value. There are three choices for managing the monthly deductions as follows:

1. Deductions made from all accounts with a positive balance and pro-rated based on the value in each account is the default deduction.
2. If the daily interest option (DIO) threshold account is selected on the application or change form, the monthly deduction can be requested to come from that account. See the transfer section for a description of the threshold account.
   - This is a two-step process, which includes choosing the threshold account option and specifying a threshold amount, then electing to take the monthly charges out of the DIO threshold account. This process works best if the monthly premium payment is equal to or exceeds the monthly charges plus premium tax.
   - The processing is completed in the following order:
     - Funds are deposited into the DIO
     - The monthly charges are deducted
     - If the DIO account has sufficient funds, the full amount comes out of the DIO account. If the DIO balance is inadequate, the full amount is deducted from all of the interest options proportionately – same as in choice number 1.
3. Monthly charges can be deducted from a specific account chosen by the policyowner. If that account has inadequate funding, the full monthly deduction follows choice number 1. This can be selected at issue in the special requests section of the application or after issue on the financial transaction form.

The monthly deductions include the following:

- The cost of optional riders and benefits
- The COI for the primary life insured's basic coverage and any multiple lives coverage
- A monthly expense charge of $10 is applicable at the policy level, which isn't affected by the number of lives insured or number of coverages. The duration for this charge is linked to the COI payment period of the primary insured's basic COI coverage, as follows:

Basic COI coverage	Duration
AI	Age 100 on single life or ESA 100 on joint policies
Level	Age 100 on single life or ESA 100 on joint policies
Limited-pay	10, 15 or 20 years

The level and limited-pay COI rates are guaranteed not to increase for the duration of the contract.

- Payable to age 100 means no payment is required on the insured's coverage anniversary when the insured's nearest birthday is 100.
- If the primary insured's basic coverage is AI or level COI and it's changed to limited-pay COI, the administration charge is changed to match the new coverage with the same start date as the new coverage.

Investment component

Interest options

Millennium offers a diverse range of interest options that allow policyowners to match their cash-accumulation goals with market conditions and their risk tolerance level. The entire premium (less the premium tax) is deposited directly into the interest options the policyowners have selected, using the percentages they chose. The minimum deposit per interest option is $25, excluding ABC Funds. The minimum deposit per ABC fund-linked option is $500. If the scheduled deposit is less than $25, policyowners may want to select one interest option that excludes ABC Funds.

Availability of interest options guarantee

Canada Life reserves the right to discontinue or change at its discretion, any interest option offered under the policy. However, the following interest options are guaranteed to be available for the duration of the policy, subject to any legislative or regulatory change.

- The daily interest option (DIO)
- The five-year guaranteed monthly compound interest option
- The 10-year guaranteed monthly compound interest option
- At least one index-linked variable interest option (VIO) based on a key Canadian equity market index
- At least one index-linked variable interest option (VIO) based on a key United States equity market index
- At least one index-linked variable interest option (VIO) based on a key Canadian bond market index

Daily interest option (DIO)

The daily interest option (DIO) provides daily interest earnings with a fluctuating interest rate that is sensitive to changes in the marketplace. Interest is calculated daily on the DIO balance and is credited each month to the DIO option. While a DIO option is included in every policy for administrative purposes, there is no minimum DIO balance requirement in *Millennium*.

The effective annual interest rate under the DIO is set by Canada Life at least weekly. For more information on the DIO, please refer to the *Millennium universal life* Daily, Monthly and Historical returns report on www.canadalife.com

Guaranteed interest options (GIOs)

The guaranteed interest option (GIO) provides your clients the option to lock-in a guaranteed interest rate on part of their total account value. The minimum amount required to establish a guaranteed interest option is $25. Canada Life offers compound interest options.

Compound interest GIO

The compound interest GIO offers a choice of one-, three-, five- or 10-year terms. Interest earned in each compound interest GIO is reinvested within the account, where it continues to compound at the guaranteed rate until the end of the term selected.

At maturity of the GIO term selected, the principal and interest are re-invested automatically in the same type of GIO for the same duration.

Canada Life monitors Government of Canada bonds with an effective date and investment period similar to that of the GIO accounts. Current minimum interest rate guarantees are available in *Concourse*, as well as on Canada Life *RepNet*.

For more information on GIOs, please refer to the *Millennium universal life* Daily, Monthly and Historical returns report on www.canadalife.com

Market value adjustment

A market value adjustment (MVA) is a charge that may apply to an amount held under a GIO account when an amount is transferred out of the account before the end of the guarantee period. The MVA may also apply to any unscheduled transfer of funds that have been invested at a guaranteed interest rate within the Millennium Account. It's currently calculated as follows:

> (withdrawal amount) x (the current guaranteed interest rate minus the original deposit interest rate) x (the complete number of months remaining in the term divided by 12)

The market value adjustment will only apply if the current guaranteed interest rate for that guarantee period is higher than when the funds were invested in the particular guaranteed investment being surrendered. The market value adjustment does not apply to monthly deductions from GIOs or to transfers resulting from the Millennium Accumulator processing.

Variable interest options (VIOs)

The variable interest options (VIOs) allow for enhanced diversification and potentially greater returns, but with increased risk and volatility. These options aren't a direct investment in securities; they credit returns that are linked to recognized market indices or mutual funds, providing *Millennium* policyowners a convenient way to mirror an investment in the market without actually buying securities.

A VIO is best considered from a long-term perspective. Performance of VIOs with a foreign element, such as the Global Equity and American Equity options, is directly affected by the value of Canadian currency relative to the currencies measured in the indices. A declining Canadian dollar enhances returns, while an escalating dollar has the opposite effect.

Unlike a GIO, the VIO has no maturity date. Once funds have been allocated in a VIO, they remain allocated until the policyowner requests a transfer or withdrawal, or the account is surrendered to pay monthly deductions, or the account is withdrawn by Canada Life.

Index-linked variable interest options

The interest rate factor for an index-linked VIO account is set every business day and isn't guaranteed. The factor and the interest credited can be positive or negative. Historical and current rates of return are available on Canada Life's website at www.canadalife.com, under Rates & values > Universal life insurance > Variable interest options. For detailed information on the index-linked VIOs, please refer to the index-linked variable interest option detailed pages on Canada Life™ *RepNet*, under Rates & Vales > Variable interest options.

Fund-linked variable interest options

The interest rate factor for a fund-linked VIO account is set every business day, with the exception of the ABC funds, for which the interest rate factor is set on the last business day (valuation day) of every month. If a premium deposit for an ABC fund-linked account is received on a day other than the valuation day, it is held without interest in a transition account until the following valuation day, when it's credited to the applicable account. The interest rates credited to fund-linked VIOs aren't guaranteed and can be either positive or negative.

For more information, please refer to the fund-linked variable interest option detailed pages on Canada Life *RepNet*, under Rates & Values > Variable interest options. Clients can access historical and current rates of return on Canada Life's website at www.canadalife.com under Rates & values > Universal life insurance > Variable interest options.

Profile options

For *Millennium* policyowners who are interested in a diversified portfolio of VIOs that matches their individual risk tolerance, Canada Life offers five *Millennium* profile options. For more information on the fund breakdown of the profile options, please refer to the profile option detailed pages on Canada Life *RepNet*, under Rates & values > Variable interest options.

Canada Life currently offers five profile options:

- *Millennium* conservative profile
- *Millennium* moderate profile
- *Millennium* balanced profile
- *Millennium* advanced profile
- *Millennium* aggressive profile

Interest option fee

Canada Life credits 100 per cent of the index or fund return, net of the management expense ratio (MER), minus the interest option fee (IOF), to its VIO each valuation day. The IOF differs between VIOs with client bonus and those without.

Current information about Canada Life's interest options can be found on our website at www.canadalife.com, under the heading Insurance for Individuals.

The interest option fees (IOFs) shown are in addition to the management expense ratio charged by the underlying mutual fund.

Variable interest options	Interest option fee Approx. annual % without client bonus	Approx. annual % with client bonus
Canadian Equity (index-linked VIO)	1.75	3.00
Canadian Bond (index-linked VIO)	1.60	2.85
Real Return Bond (index-linked VIO)	1.60	2.85
American Equity (index-linked VIO)	1.75	3.00
American Small Cap (index-linked VIO)	2.00	3.25
Science and Technology (index-linked VIO)	2.00	3.25
European Equity (index-linked VIO)	2.25	3.50
Japanese Equity (index-linked VIO)	2.25	3.50
Global Equity (index-linked VIO)	2.50	3.75
ABC Fully-Managed	1.20	2.70
ABC Fundamental Value	1.20	2.70
ABC American Value	1.20	2.70
Bissett Bond	0.0	1.50
Mackenzie Corporate Bond	0.0	1.50
Bissett Canadian Equity	0.0	1.50
Mackenzie Dividend	0.0	1.50
AIM Canadian Equity	0.0	1.50
Fidelity Canadian Asset	0.0	1.50
Mackenzie Canadian Resource	0.0	1.50
AGF Canadian Equity	0.0	1.50
Mackenzie Canadian Equity	0.0	1.50
Trimark Canadian Equity	0.0	1.50
AGF American Equity	0.0	1.50
Mackenzie U.S. Equity	0.0	1.50
Trimark Global Equity	0.0	1.50
Fidelity Global Equity	0.0	1.50
Mackenzie Universal World Real Estate	0.0	1.50
Mackenzie Global Equity	0.0	1.50
Mackenzie Far East Equity	0.0	1.50
Templeton International Equity	0.0	1.50
CI Harbour Growth and Income	0.0	1.50
Fidelity Monthly Income	0.0	1.50
CI Harbour	0.0	1.50
Dynamic Global Value	0.0	1.50
Dynamic Power Canadian Growth	0.0	1.50
Fidelity NorthStar® Equity	0.0	1.50
CI International	0.0	1.50
Millennium Conservative Profile	0.0	1.50
Millennium Moderate Profile	0.0	1.50
Millennium Balanced Profile	0.0	1.50
Millennium Advanced Profile	0.0	1.50
Millennium Aggressive Profile	0.0	1.50

The IOFs for the funds above are in addition to the MER charged by the underlying mutual fund.

Client bonus

At the time of the application, policyowners must choose *Millennium* with or without the client bonus. Policyowners who choose *Millennium* with the client bonus receive two types of bonuses:

Guaranteed bonus

A guaranteed bonus is credited monthly on the DIO, all GIOs and VIOs starting in the 10th policy year. The annual bonus rate is 0.6 per cent from policy years 10 to 24 and 0.96 per cent every year after. The bonus is unconditionally guaranteed regardless of how the policy's interest options perform.

Funding bonus

In addition to the guaranteed bonus, a funding bonus is credited beginning in policy year two. This annual bonus rate is determined from the following funding bonus levels and the policy may qualify for any combination of them:

Daily interest option and guaranteed interest option funding bonus levels

Policy year	Total account value including all interest options		Ratio of total account value to accumulated target premium (%)		Maximum potential funding (%)
	$25,000 – $99,999	$100,000+	150% – 249%	250% +	
2-24	0.12	0.36	0.12	0.24	0.60
25+	0.12	0.12	0.12	0.24	0.36

Variable interest option funding bonus levels

Policy year	Total account value including all interest options		Ratio of total account value to accumulated target premium (%)		Maximum potential funding bonus (%)
	$25,000– $99,999	$100,000+	150% – 249%	250% +	
2-24	0.24	0.48	0.24	0.48	0.96
25+	0.12	0.36	0.12	0.24	0.60

For the purpose of calculating the funding bonus, the accumulated target premium is the sum of the target premiums for the primary basic coverage and multiple lives benefit coverage, excluding additional benefits and riders and substandard extras.

Bonus crediting practice

Bonus interest is calculated and credited monthly. The dollar amount of the bonus isn't guaranteed, because the total account value can fluctuate. The client bonus doesn't apply to money invested in the Millennium Account.

Premium

With *Millennium*, the entire premium (minus the premium tax) is allocated directly into the interest options policyowners have elected, according to percentages they chose. Premium in excess of the maximum premium may be allocated to the Millennium Account or applied to reduce any outstanding loans. In such cases, premium tax isn't deducted from the excess.

Millennium is characterized by premium flexibility. Initially policyowners are encouraged to choose a premium at least equal to the target premium for AI and level coverages and minimum premium for limited-pay coverages. In later years, depending on the available cash surrender value, the interest earned on the accounts and policyowners' objectives, they can:

- Maintain a regular payment schedule
- Increase or decrease the amount of payments
- Stop premium payments for a period, then resume them
- Make lump-sum deposits to increase the policy's total account value

Premium payment mode

Monthly pre-authorized chequing (PAC)

Regular annual

Premium tax

Provincial premium tax* is deducted from each premium and lump-sum payment before it's credited to the policy's total account value. While premium tax isn't deducted from funds when they're credited to the Millennium Account, it is deducted from transfers that are made from the Millennium Account to the policy. This tax varies by province:

Alberta	2%
British Columbia	2%
Manitoba	2%
New Brunswick	2%
Newfoundland	4%
Nova Scotia	3%
Ontario	2%
Prince Edward Island	3.50%
Quebec**	2.35%
Saskatchewan	3%
Yukon	2%
Northwest Territories	3%
Nunavut	3%

Provincial premium tax is subject to change
Note: the actual premium tax in Quebec is 2.55 per cent

Minimum premium

The annual minimum premium is based on a rate per thousand of insurance amount for each life insured, plus the cost of any optional benefits, riders and substandard extras, the premium tax and the guaranteed monthly expense charge at issue. After issue, the minimum premium is the amount required to cover the monthly charges.

Minimum funding

There is no contractual premium specified for *Millennium*. The total account value, less any amounts owing, must be sufficient to pay the monthly deduction due at a monthly deduction date. If this isn't done, the policyowner risks having the policy lapse due to insufficient funding.

Minimum funding in the early years of the policy isn't recommended for individuals who wish to maximize tax-advantaged investing in later years. If the policy is minimum-funded up to policy year seven, the amount of premium that can be invested after that point on a tax-advantaged basis is significantly reduced, due to the nature of the tax requirements prescribed by the Income Tax Act.

Changes in scheduled premium

Changes in the actual premium paid don't affect the minimum premium. However, a change in insurance amount affects the minimum premium required.

Target premium

The target premium is based on the level COI rate per thousand of insurance amount for each life insured, plus the cost of any optional benefits, riders, permanent medical ratings, temporary flat extras for durations of six or more years, substandard extras, premium tax and the guaranteed monthly expense charge. For AI and level coverage the target premium is set to help ensure it is sufficient to maintain the policy for a number of years. However, policyowners should regularly monitor their premium level to ensure it is sufficient to maintain their coverage for their lifetime.

Target annual premium used for the bonus interest calculations:

- Includes coverages on the primary insured, multiple lives benefit and exempt test increases
- Excludes substandard extras, benefits and riders

Target annual premium used for surrender charge calculations:

- Includes AI and level COI coverages for the primary insured and multiple lives benefit and excludes substandard extras, benefits, riders and exempt test increases
- The target premium used for surrender charge calculations is the target premium used when the original coverage was issued. The target premium used for surrender charges is not recalculated for coverage reductions, COI switches or substitution of life situations.

Commissionable target annual premium:

- Includes primary basic insurance, voluntary increases, multiple lives benefit, benefits, riders, permanent extras and temporary flat substandard extras with a duration of six years or longer
- Is recalculated on face decreases, isn't recalculated on a change in COI, to non-smoker, joint first-to-die to joint last-to-die
- Excludes exempt test increases

Target annual premium for riders:

- Includes substandard extras

Maximum premium

The illustrated maximum premium is intended as a guideline for the maximum amount of premium that may be applied to the policy, so the policy remains exempt from accrual taxation (see taxation section). The guideline maximum premium is based on the insurance amount, the cost of benefits, riders, substandard ratings, guaranteed expense charge, amount and number of premiums payments, assumed interest rate and cash surrender value (CSV).

A reduction in insurance amount reduces the guideline maximum premium. An increase in insurance amount increases the guideline maximum premium.

The illustrated maximum premium is only a guideline premium. At any time, a premium in excess of the maximum may be paid. If policyowners pay premiums in excess of the maximum premium allowable, based on ITA regulations, Canada Life may deposit excess funds to the Millennium Account to maintain the policy's tax-exempt status.

Lump-sum premium

Policyowners may choose to invest a lump-sum premium according to the interest option allocation they have chosen for regular premium deposits. They may also choose an interest option allocation for the lump-sum premium that's different from the regular premium allocation. Canada Life may test the effect of a lump-sum payment to ensure the policy's total account value is kept to the level required to remain exempt from accrual taxation. Excess funds may be transferred to the Millennium Account.

Premium paying period

There is no contractual premium paying period for *Millennium*. However, it's Canada Life's current practice that if the coverage stays inforce until age 100, further deductions for the COI cease. When the primary insured reaches attained age 100 the COI deductions continue for any coverage on insureds under the multiple lives benefit who have not attained age 100.

Limited-pay coverages have a fixed COI duration: 10 years (120 months), 15 years (180 months) or 20 years (240 months). Limited-pay coverages guarantee the COI payments for the premium paying period, as long as the premium tax remains unchanged and the interest option chosen is a GIO. If the investment option chosen is variable and returns are negative, Canada Life may need to request additional premiums to fund the COI.

If the policyowners wish to pay additional premiums (periodic or lump-sum) after the end of the limited-pay guaranteed COI duration, they may do so and enhance the tax-advantaged cash accumulation in the investment component and the death benefit under coverage plus.

Stopping premium payments

Policyowners may suspend premium payments for as long as the policy's total account value, less any amounts owing, is sufficient to cover the policy's monthly deductions. In such circumstances, the policyowners should be advised that:

- Monthly deductions will continue to be made from the total account value.
- Returns earned on the elected variable interest options aren't guaranteed and can be either positive or negative. Low or negative returns may result in a total account value that is insufficient to maintain the policy without further premium deposits.
- Premium deposits may have to be resumed at some point in the future.

Millennium Account

Canada Life monitors policy-funding levels at each policy anniversary to ensure that the policy remains exempt from accrual taxation. Should policyowners pay premium in excess of the maximum premium allowable for *Millennium*, based on tax legislation at that time, Canada Life may deposit this excess into a taxable side-account, called the Millennium Account, which is provided under a contract separate from the insurance contract. The Millennium Account serves several purposes:

- At each policy anniversary, the tax status of the policy is tested. If the policy is tax-exempt and there is room to increase the cash value, any available funds are transferred from the Millennium Account to the policy.
- If the policy is in danger of losing its tax-exempt status, the insurance amount may be increased by up to eight per cent (subject to the terms of the Millennium Accumulator option) and, if necessary, by transferring any excess funds to the Millennium Account. Such transfers may result in taxable income to policyowners.
- For well-funded policies, money can be held in the Millennium Account until it can be added into the policy's total account value without exceeding the maximum total CSV allowable for the policy within the tax-exempt law.
- Money held in the side account (Millennium Account) will be transferred back into the policy at the next tax-exemption test if there is sufficient room to keep the policy tax-advantaged. If the policyowner wishes to have money held in the side account to be transferred back into the policy prior to the next anniversary, he or she may make the request to Canada Life in writing and it will be processed effective the date received. It's important to ensure the amount requested to be transferred doesn't cause the policy to exceed the estimated maximum allowable amount of payments allowed during the current policy year (as stated above).
- The Millennium Account can be a DIO or a five-year GIO.
- Funds in the Millennium Account are separate from the life insurance policy and are subject to annual accrual taxation.
- Funds in the Millennium Account aren't eligible for creditor protection, which is potentially available for funds within the policy.

On the death of the policyowner, money in the Millennium Account is paid to the policyowner's estate.

Transferring and accessing funds

Optional automatic transfers

While a DIO account is included with every *Millennium* policy for administrative purposes, policyowners aren't required to invest in it if they don't wish to. However, to lessen the impact of VIO volatility on overall investment risk, policyowners may choose to stipulate a threshold amount of DIO balance.

Once a threshold amount has been stipulated, the percentage of premium (minus premium tax) that policyowners have elected is credited to the DIO, where it earns daily interest. When the amount held in the DIO exceeds the threshold amount, the entire amount in the DIO is automatically transferred into the other interest options the policyowners have chosen. The DIO accumulation process then starts again from $0.

To activate this feature, policyowners must specify:

- A threshold amount of DIO
- The interest options the funds are transferred to
- An allocation percentage for each interest option elected

Once this transfer option has been initiated by policyowners, it occurs automatically on the day the threshold is reached. Automatic transfers are strictly optional and cannot be executed from any interest option other than the DIO. The minimum DIO threshold is $25 and the minimum transfer is also $25 per interest option. Therefore, the more interest options policyowners choose, the higher the minimum threshold requirement must be.

The threshold account process works best when the client pays a monthly premium that's at least equal to the monthly charges. In addition, the process works when the client wants to have the monthly charges come out of the DIO account rather than proportionally from all of the interest options. To review how the threshold account works for monthly withdrawals, see the monthly deductions section. Optional automatic transfers to ABC Fund-linked VIOs aren't available.

Ad-hoc transfers

At any time, the policyowners may by written request transfer funds between the various interest options. Canada Life's current practice is to process these requests free of charge. However, a market value adjustment (MVA) may apply to funds transferred out of a GIO before the end of its term.

Policy loans

Policy loans are available from the value of the DIO, GIOs and VIOs without requiring surrender of all or part of the policy. The loaned portions of the DIO, GIOs and VIOs continue to earn interest. Policy loans are available on the guaranteed cash value when limited-pay COI is selected, once the total account value is depleted by policy loans or otherwise. The total policy loan balance reduces the death benefit.

Taking a policy loan may trigger a taxable gain. Repayments of the part of the policy loan that was previously taxed when it was taken are deductible. Policy loan repayments may be made at any time, but they must be clearly identified to ensure premium tax is not deducted and that lump-sum exempt testing is not performed.

Minimum and maximum loan

The minimum amount of a loan is the lesser of $500 and the maximum loan available to policyholders, which is calculated as follows:

	Value of funds held in DIO and GIOs
+	75 per cent of the value of any VIOs
+	guaranteed cash values
-	monthly deductions for the next three months
-	MVA charges levied against GIOs surrendered to meet the loan request
-	current surrender charges
-	any existing loan balances and loan interest for the year
=	maximum loan available

Only 75 per cent of funds held in any of the VIOs are available for loans. If, at any time after the loan is given, the cash surrender value (CSV), minus 25 per cent of the value of VIOs, is less than the outstanding loan (including interest accrued), Canada Life reserves the right to transfer funds from the VIOs to the DIO in order to increase the CSV to the amount of the outstanding loans. Our current practice is to surrender VIOs pro-rated to the total funds invested in the VIOs.

To maintain a sufficient combined balance in the DIO, GIOs and 75 per cent of VIOs, Canada Life reserves the right to restrict optional automatic transfers from the DIO to the VIOs if loans are present.

Automatic monthly charge loan

If the total account value is insufficient to cover the current monthly charge, a policy loan is borrowed from the guaranteed cash value (GCV) to cover the shortfall.

Withdrawals

Partial withdrawals are available from the unloaned portion of the policy's CSV. If the policy has limited-pay COI, a requested partial surrender of GCV may be made by reducing the insurance coverage amounts. A partial withdrawal of the total account value above the GCV will not decrease the insurance amount for the limited-pay COI. On a policy with a level death benefit option, a requested partial withdrawal results in a reduction of the insurance amount equal to the amount of the reduction in the total account value. This ensures the net amount at risk isn't affected. A partial withdrawal may trigger a taxable gain.

Minimum and maximum partial withdrawal

The minimum amount of a partial withdrawal is the lesser of $500 and the maximum available to withdraw, which is calculated as follows:

	CSV of the policy
-	sum of monthly deductions for the next three months
-	any policy loan interest for the year
-	any MVA levied against the GIOs surrendered to meet the request for withdrawal
-	a transaction fee which is currently $25 (if applicable)
=	maximum available to withdraw

Order of partial withdrawals

Policyowners with more than one interest option may give Canada Life written direction on which accounts the withdrawal should be taken from. Without such direction, the default order of withdrawal is:

1. DIO
2. *Millennium* profile options
3. Fund-linked interest options
4. Index-linked interest options
5. GIOs

Partial withdrawal triggering an outstanding loan balance

If, after the withdrawal or as a result of the withdrawal, the outstanding loan balance exceeds the CSV minus 25 per cent of the VIOs, funds in the VIOs are manually transferred to the DIO, following the default order of partial withdrawal.

Transaction fee

Canada Life processes one withdrawal per year free of charge. Each subsequent withdrawal processed at the policyowners' request is subject to a transaction fee (currently $25), which is automatically deducted from the policy's total account value. The effective date of the withdrawal is the date the request is received at Canada Life's head office.

Surrender

Policyowners may surrender their *Millennium* policy for its CSV at any time. Policyowners should be advised that some or all of the proceeds of surrender may be subject to taxation. Upon surrender of the policy, policyowners receive an amount equal to:

	Value of the DIO
+	accumulated total of all GIOs and VIOs
+	guaranteed cash value (on limited-pay COI coverages)
-	any policy loan and interest outstanding on the policy
-	applicable MVA
-	current surrender charges
=	cash surrender value

Surrender charges

Annually increasing COI*

Surrender charges apply for seven years on the original and subsequently issued insurance amounts. Surrender charges increase monthly during the first four years, remain level from the start of the fifth coverage year, and then begin to decrease monthly from the start of the sixth coverage year.

Level COI*

Surrender charges apply for nine years on the original and subsequently issue insurance amounts. Surrender charges increase monthly during the first four years, remain level from the start of the fifth coverage year, and then begin to decrease monthly from the start of the seventh coverage year.

Limited-pay COI

Surrender charges aren't applicable to limited-pay COI coverage. However, if there is a change from AI or level to limited-pay, the surrender charges on the original coverage continue.

Percentage of target premium (%)

Calculated as a percentage of target premium, the surrender charge at the end of each year is:

Coverage year	Annually increasing COI	Level COI	Limited-pay COI
1	250	125	0
2	450	200	0
3	600	300	0
4	700	400	0
5	700	400	0
6	400	400	0
7	150	200	0
8	0	100	0
9	0	50	0

Note: No surrender charges apply to any automatic increases under the Millennium Accumulator option.

**Surrender charges will not be reduced for any decrease in coverage amount or when a change to the COI type occurs. The surrender charge for a coverage is calculated using the target premium when the coverage is issued.*

Transfers to and from the Millennium Account

- Amounts invested in the Millennium Account aren't considered a premium payment to the policy until they're withdrawn from the Millennium Account and credited to the policy.
- Voluntary transfers or withdrawals may be subject to a $25 withdrawal fee and an MVA, as described in the MVA section.
- Funds transferred from the Millennium Account to the policy are subject to premium tax. Funds are transferred based on the policy's premium allocation percentages, unless policyowners specifically request otherwise before the transfer.
- Funds transferred from the policy to the Millennium Account are allocated to either the DIO account or the five-year GIO account, as stipulated by the policyowner.

Policyowners should be advised that funds in the Millennium Account are separate from the insurance policy and are subject to annual accrual taxation.

Disability lump-sum benefit

For policies with this benefit, in the event the primary insured or a joint insured becomes disabled (subject to the definitions and conditions outlined below), *Millennium*'s disability lump-sum benefit pays a percentage of the unloaned portion of the policy's available cash surrender values, excluding guaranteed cash values and six months of cost of insurance charges for the policy.

The exact contract wording governs this benefit and should be reviewed with the client.

This benefit must be elected at the time of application. The percentage chosen can be from 25 to 100 per cent. After the policy is issued and before disability, the elected percentage can be reduced, but can't be increased. There are no COI charges associated with this benefit.

This provision applies only to the primary or joint life insured(s) named in the policy. It doesn't apply to the policyowner, unless the policyowner is one of the insured lives. Nor does it apply to lives covered under the multiple lives benefit or child's term life insurance rider.

Issue ages

Single-life policy: 0 – 75

Joint policy: 0 – 75

- For joint policies, this benefit is not available if either person is over 75.

This benefit is not available if an insured person is rated over 250 per cent, before application of the automatic substandard table rating agreement (ASTRA), or if the policy has a flat rating.

If the policy has a level death benefit, then payment of a disability lump-sum benefit reduces the insurance amount by the reduction in total account value.

Qualifying for a disability lump-sum benefit

Policyowners may claim a disability lump-sum benefit if all the following conditions are met:

- The policy is in force.
- The life insured for whom the disability claim is being made is a primary or joint insured under the policy.
- For total (occupational) disability, the insured is at least 18 years of age and no more than 65 years of age.
- For critical disability or terminal illness, the insured person is at least 18.
- Policyowners have provided, at their own expense, evidence of disability that is satisfactory to Canada Life.
- The disability has continued without interruption for 90 days (unless otherwise specified).

Unless excluded at the time of underwriting, this benefit applies regardless of whether an automatic payment benefit or critical illness benefit is included on the policy.

Total disability

For the purposes of this benefit, total disability and totally disabled mean the life insured's condition of disability, caused directly by a sickness or injury, not excluded under the exclusions provision, which satisfies the following requirements:

- The disability must be directly due to injury or sickness.
- The insured person must be between 18 and 65.
- During the period of continuous total disability, the life insured receives the regular care and attendance of a doctor appropriate for the condition, or Canada Life agrees that such care and attendance would be unlikely to result in any improvement in the condition.
- During the first two years of the same period of disability, the life insured is continuously unable to perform the substantial duties of his or her regular occupation and isn't engaged in any occupation.
- After the first two years of the same period of total disability, the life insured is continuously unable to engage in any occupation for payment or profit for which he or she is reasonably qualified, or may reasonably become qualified, considering the life insured's education, training and experience.

Critical disability

- The disability must be directly due to injury or sickness.
- The insured person must be at least 18.
- The insured person is unable to perform any two activities of daily living (listed at the end of this section) or has a cognitive impairment.
- The insured person has a critical illness or a condition that continues to be diagnosed as terminal by a doctor and the prognosis for living is less than 24 months.

Exclusions

No disability lump-sum benefit is permitted if the disability results from any of the following causes:

- The benefit is not permitted if the policy comes into effect as a result of a conversion while the insured person is disabled.
- The benefit is not permitted if the insured person becomes disabled within 12 months of the coverage date due to a pre-existing condition.
- Directly from injury intentionally, self-inflicted or from the insured person's attempt to commit a crime whether or not the insured was in possession of his or her mental faculties.

Amount of the disability lump-sum benefit

Policyowners must specify the percentage of the disability lump-sum benefit, subject to the following conditions:

- Only one lump-sum benefit is paid in any policy year.
- The disability lump-sum benefit is available from the unloaned portion of the policy's cash surrender value, excluding any guaranteed cash values and six months of cost of insurance charges. A market value adjustment may apply to amounts paid from the GIOs.
- On a level death benefit option policy, the payment of a disability lump-sum benefit results in a reduction of insurance amount equal to the reduction in the total account value.
- If the payment is less than $500, then no payment is made.

Order of withdrawal

Policyowners can specify the interest options from which the lump sum is paid. If no such instructions are received by Canada Life, the withdrawal is made following the default order of partial withdrawal described under the withdrawals section of this document.

Taxation

This benefit is subject to the tax legislation in effect at the time of claim.

Definitions

- Activities of daily living: the following activities ordinarily performed independently: Bathing, bladder and bowel continence, dressing, feeding, toileting (getting on and off the toilet and maintaining personal hygiene) and transferring (moving in and out of a bed, chair or wheelchair).
- Cognitive impairment: Mental deterioration and loss of intellectual ability, shown by deterioration in memory, orientation or reasoning, that are measurable and severe enough to require at least eight hours of daily supervision.
- Critical illness: Any of the following conditions in the three months before the claim: Alzheimer's; benign brain tumour; blindness; life-threatening cancer; coma; deafness; heart attack; kidney failure; loss of limbs; loss of speech; major organ transplant; motor neuron disease, including amyotrophic lateral sclerosis (ALS); multiple sclerosis; occupational human immunodeficiency virus (HIV) infection; paralysis; Parkinson's disease; severe burns; stroke; coronary artery surgery or coronary bypass surgery.
- Period of disability: Starts when the insured person becomes disabled. Continues as long as the insured person is continuously disabled from the same or a related cause.
- Satisfactory evidence of disability: written evidence supplied by policyowners, which Canada Life may reasonably require to determine the primary insured's disability
- Sickness: disease or sickness that first manifests itself after the policy takes effect and while the policy is in force
- Injury: bodily injury caused by an external accident occurring after the policy takes effect and while the policy is in force
- Regular occupation: occupation or occupations in which the life insured was regularly engaged when he or she became totally disabled
- Doctor: licensed physician practicing medicine in Canada or the United States as authorized by his or her licensing body, excluding the policyowner, the life insured and their relatives and business associates

Additional benefits and riders

Riders and benefits are available on the primary single or joint lives insured. They aren't available to the additional lives insured under the multiple lives benefit. They may be added on the following policy types:

	Single life	Joint first-to-die	Joint last-to-die
Simply Preferred term life insurance riders	Yes	Yes*	Yes*
Child's term life insurance rider	Yes	No	No
LifeAdvance® critical illness rider	Yes	No	No
Child *LifeAdvance*® critical illness rider	Yes	No	No
Automatic payment benefit	Yes	Yes	Yes
Guaranteed insurability rider	Yes	No	No
Business growth protection rider	Yes	Yes	Yes
Accidental death benefit	Yes	Yes	No

*Single life *Simply Preferred term life insurance* riders are available on each of the joint lives insured for joint first-to-die and joint last-to-die coverage.

Simply Preferred term life insurance riders

Simply Preferred term life insurance 10-year and 20-year term riders allow for considerably lower premium rates for those who demonstrate good health. *Simply Preferred term life insurance* is a system of preferred underwriting that recognizes that everyone's lifestyle and health are unique. Each *Simply Preferred term life insurance* class is based on specific measurable health tests.

Preferred underwriting classes

Preferred underwriting is available for face amounts of $250,000 and more. For face amounts of less than $250,000, our competitive gold and silver classes apply.

While these riders cover a single life, they can be added to both single-life and joint policies.

Preferred underwriting classes

- **Diamond plus,** Preferred non-smoker – Elite, is for non-smokers who demonstrate superior health and a strong commitment to healthy living.
- **Platinum,** Preferred non-smoker, is for non-smokers who meet above-average health requirements.
- **Gold**, Standard non-smoker, offers competitive rates to those who demonstrate good health.
- **Silver Plus**, Preferred smoker, offers competitive rates to those who demonstrate excellent health but choose to smoke.
- **Silver**, Standard smoker, is the standard smoker class.

Issue ages

	Preferred term 10	Preferred term 20
Non-smokers	18-75	18-65
Smokers	15-75	15-65

Term 10 coverage is convertible to age 70, or for two years after issue if issue age is greater than 70, and renewable to age 85. Term 20 coverage is convertible to age 70 and renewable to age 85. Term 10 and term 20 can be converted to any single-life plan then offered for conversion.

Premium rates for all future term renewals of the policy are guaranteed, provided no coverage changes have been made. Payment of the applicable premium automatically renews the coverage for the next renewal period, without further action by policyowners. Renewal rates are select/ultimate, i.e., issue premium is lower than renewal premium for the same age.

Conversion from term 10 rider to term 20 policy

All or part of a term 10 rider may be converted to a term 20 policy, without evidence of insurability.

The conversion may be requested after the rider's first anniversary. It must be requested before the rider's fifth anniversary or the anniversary nearest to the insured person's 65th birthday, whichever comes first.

The new premium rates are offered on the insured's attained age, calculated on an age-nearest basis and the first renewal occurs 20 years from the date of conversion.

A conversion is not available if the insured person is totally disabled and the premiums on the term 10 rider are being waived.

In a partial conversion, part of the term 10 rider can be retained as a term 10 rider, provided all product minimums are met for the remaining term 10 rider and the new term 20 policy.

For more information on our *Simply Preferred term life insurance* riders, refer to Canada Life's *Simply Preferred term life insurance* advisor guide (558 CAN).

Child's term life insurance rider

The child's term life insurance rider provides increasing term coverage on all children in a family. Each child's coverage ceases on the earlier of the rider anniversary date immediately following that child's 25th birthday, or the basic insured's age 65. However, the policyowner can extend coverage beyond the insured parent's 65th birthday, if any children are still under 25 at that time. The policyowner must request this extension within 60 days of the insured parent turning 65.

On each rider anniversary date, the child's life insurance rider coverage amount automatically increases by four per cent of the original insurance amount. At the death of the primary life insured, the coverage on each child is automatically converted to paid-up convertible term life insurance. This convertible term insurance will remain in force until the earlier of the term coverage conversion date or the rider anniversary date immediately following the insured child's 25th birthday.

This rider applies to the natural, adopted and stepchildren of the basic life insured. Additional children, born to, or adopted by, the life insured before his or her 60th birthday, are automatically included under the rider, regardless of health, once they're 15 days old. The initial coverage for new children added to the policy is the increased amount in force at the time.

Issue ages

Basic life insured: to age 59

Children insured under rider: 15 days up to and including age 17

Issue limits

Minimum: $10,000

Maximum: $25,000

Substandard:

- If the primary insured is rated over 200 per cent (pre-ASTRA rating), the rider is not available.
- If any child born to or adopted by the primary life insured at the time the rider is underwritten, is rated over 200 per cent (pre-ASTRA rating), they will be excluded from the rider.

Premiums

The annual premium is level and isn't dependent on the number of insured children.

The premium payment period is the greater of:

a) 25 years, or

b) To the basic insured's age of 65

Or until the rider is removed at the policyowner's written request

The premium payment period may be extended beyond the basic insured's 65th birthday, to additional years of coverage to protect children who have not yet reached age 25.

Conversions

The coverage on each child may be converted to a term or permanent policy, either when the child turns 25, or within 31 days of the insured child's marriage, if the child marries between their 21st and 25th birthday. The amount of coverage converted may not be more than $250,000 of new life insurance coverage. When opting for the conversion, the smoking question will be asked.

LifeAdvance® critical illness rider

The *LifeAdvance* critical illness rider is available on single life policies. It provides a lump-sum payment after the diagnosis by a doctor of any one of the following insured conditions, as defined in the contract:

- Heart attack
- Cancer
- Stroke
- Coronary artery/bypass surgery
- Multiple sclerosis
- Alzheimer's disease
- Parkinson's disease
- Major organ transplant
- Paralysis
- Kidney failure
- Coma
- Blindness
- Severe burns
- Loss of speech
- Deafness
- Loss of limbs
- Occupational HIV
- Motor neuron disease (includes ALS)
- Benign brain tumor

Waiting period

The critical illness benefit is paid if the insured is living at the end of the waiting period. The waiting period is 30 days from diagnosis, unless otherwise specified in the contract.

Issue ages

18 - 65

Issue limits

Minimum:	$25,000 of *LifeAdvance* benefit
Maximum:	$2 million of critical illness protection with all carriers

Premiums

The *LifeAdvance* rider is available on a 10-year renewable and convertible term basis (T-10) or on a permanent level premium basis. Premium rates are banded as follows:

Band 1: $25,000 - $49,999
Band 2: $50,000 - $199,999
Band 3: $200,000 +

Canada Life will pay a return of premium benefit if the insured dies from a cause other than a critical illness insured condition while the rider is in effect or the insured does not survive the waiting period, if any, specified for the critical illness insured condition. This benefit is the sum of the monthly deductions due for the critical illness rider that were paid prior to the insured person's death. The amount will be paid to the critical illness rider beneficiary.

Conversion

The 10-year term *LifeAdvance* rider is convertible to permanent level premium *LifeAdvance* coverage until age 65 without evidence of insurability. Premium rates for the new coverage are based on the insured's attained age.

Termination of coverage

Coverage under the *LifeAdvance* rider ceases on the earliest of:

- Death of the insured
- The occurrence of a *LifeAdvance* claim
- Voluntary termination or lapse of the rider
- Age 75 for the 10-year term policy only

Child *LifeAdvance*® critical illness rider

The child *LifeAdvance* critical illness rider provides coverage to age 21 on all children (natural, adopted and stepchildren) over the age of two in a family. Additional children born into the family before the critical illness coverage expires are automatically included under this rider, immediately after their second birthday. This rider is available only if the individual insured under the *Millennium* policy is also insured under a *LifeAdvance* critical illness rider.

The child *LifeAdvance* critical illness rider provides a lump-sum payment after the diagnosis of any of the following insured conditions, as defined in the contract:

- Heart attack
- Cancer
- Stroke
- Coronary artery/bypass surgery
- Multiple sclerosis
- Alzheimer's disease
- Parkinson's disease
- Major organ transplant
- Paralysis
- Kidney failure
- Coma
- Blindness
- Severe burns
- Loss of speech
- Deafness
- Loss of limbs
- Occupational HIV
- Motor neuron disease (includes ALS)
- Benign brain tumor

Waiting period

The child *LifeAdvance* critical illness rider will be paid provided the insured child is still living at the end of the waiting period.

Issue ages

2 - 17

Issue limits

Minimum: $2,500

Maximum: $25,000

Premiums

The child critical illness rider is issued in units of $2,500. Annual premium is $27 per $2,500 of the amount insured under the rider. The premium is not dependent on the number of children covered under the rider.

Conversion

The child critical illness rider is not convertible.

Termination

Coverage under the *LifeAdvance* child benefit ceases on the earliest of:

- The rider anniversary following the youngest child's 21st birthday (before the adult insured's 65th birthday)
- Voluntary termination of the rider
- Voluntary termination of the critical illness rider on the individual insured under the basic policy, or lapse of the rider or policy

If, while this rider is in effect, a critical illness rider or a death benefit becomes payable on an individual primary insured under the basic policy, the critical illness coverage on each child then insured automatically becomes paid-up until the rider anniversary date following each child's 21st birthday.

Automatic payment benefit (APB)

Millennium universal life insurance automatic payment benefit (APB) provides for a selected amount to be paid monthly into the policy, in the event of the covered life insured's death or disability. Policyowners can select any APB amount within the target and maximum premium range. While an APB is being paid, premiums may still be deposited into the policy, and the total account value continues to be reduced by the applicable monthly deductions.

If the policyowner and the basic life insured aren't the same person, an APB is available on the death or disability of the payor. If the policy is on the life of a minor, an APB is available on either the death or disability of the payor.

The maximum APB limit is $50,000 of premium, or the sum of four times the target premium for all life coverages, whichever is less. It includes any amount applied for and inforce with other companies.

Note: The following APBs on disability and death aren't available if one of the joint insureds is over the age of 75 at issue or is deemed uninsurable.

Automatic payment benefit on disability

On or after the effective date of disability, Canada Life makes a monthly premium deposit into the policy, equal to one-twelfth of the APB amount selected at issue. This benefit is paid for the life of the policy or length of disability, whichever occurs first, provided the total disability occurs before the automatic termination date of the rider (except for the APB on the payor). For the APB on the payor of an insured child, the benefit is paid until the insured child's 25th birthday. Premiums paid by policyowners during the period of disability may increase the policy's total account value.

APB covering disability only, is not available on the payor if the base insured is a child or if it's for joint-life coverage. It's available as stand-alone coverage for a single-life policy when the payor and insured are adults.

Definition of total disability

Total disability: bodily injury or disease that results in the following:

- During the first two years of the incapacity, the individual covered by APB is prevented from engaging in his or her regular occupation for payment or profit and isn't working in any other occupation.
- During the remainder of the incapacity, the individual covered by APB is prevented from engaging in any occupation for which he or she is or becomes qualified by training, education or experience.

Effective date of disability

The effective date of disability is the date of commencement of total disability that has been continuous for at least six consecutive months.

Automatic payment benefit on death

Upon the death of the individual insured under the APB, Canada Life makes a monthly premium deposit into the policy, equal to one-twelfth of the premium amount selected at issue. This benefit is paid for the life of the policy (except for the APB on the owner/payor of an insured child), provided the death occurs before the termination date of the rider. For the APB on the owner/payor, the benefit is paid until the insured child's 25th birthday.

Automatic payment benefit on joint life policies

On joint first-to-die policies, an APB on disability can be purchased on both lives or on either one of the lives. On joint last-to-die policies, APB on death covers both lives. For joint last-to-die policies, the APB is used to make the premium payments after the first death, provided the amount of the scheduled APB is sufficient to keep the policy inforce. If APB on death has been selected, APB on disability can be purchased on both or either one of the lives.

Issue and benefit limits

	Issue age	Automatic termination date of the rider
Single life where the life insured is an adult		
Disability of life insured	Life insured: 18-55	Insured's age 60
Disability of owner/payor	Owner/payor: 18-55 Life insured: 18-80	Payor's age 60
Death of owner/payor	Owner/payor: 18-60 Life insured: 18-80	Payor's age 60
Single life where the life insured is a minor		
Disability of owner/payor	Owner/payor: 18-55 Life insured: 0-17	Earlier of child's age 25 and payor's age 60
Death of owner/payor	Owner/payor: 18-60 Life insured: 0-17	Earlier of child's age 25 and payor's age 65
Joint first-to-die		
Disability of joint insured	Either joint insured: 18-55	Insured's age 60
Joint last-to-die		
Disability of joint insured	Either joint insured: 20-55	Insured's age 60
Death of joint insured	Both joint insureds: 20-75	Death

- If the life insured is a minor, the APB on disability of the owner or payor is available only in conjunction with the APB on death of the owner or payor.
- On a joint last-to-die policy, the APB on disability is available only in conjunction with the APB on death. The rider must be issued on both joint lives.

Guaranteed insurability rider

The guaranteed insurability rider (GIR) allows the life insured to purchase additional insurance on specified option dates without providing additional medical evidence of insurability. The additional insurance may be on any permanent individual life policy issued by Canada Life at that time, with Canada Life's consent. Premiums are based on the attained age, using the same class of risk as the base policy.

This rider may be included at the time of issue or added subsequently to standard policies. It automatically ceases if the base policy is terminated.

Issue age

0 - 45

Benefits and riders

- If the base policy includes an APB, then an APB rider may be added to the new policy without medical evidence when a GIR option is exercised. However, if the insured is disabled due to a condition that existed before exercising the GIR option, the APB amount for the new policy is not paid for that disability.
- If the base policy is on the life of a minor and includes an APB, it's Canada Life's current practice that the APB rider is automatically added to the new policy when a GIR option is exercised.
- If the base policy does not include an APB, then when a GIR option is exercised, an APB rider may be added to the new policy with satisfactory evidence of insurability.

- If the policy contains an accidental death benefit (ADB) rider on the life insured at the date of option, then a similar rider may be included with the new insurance plan or coverage. The amount of the new rider may not exceed the new insurance amount applied for at the date of option and must be within the minimum and maximum amounts we would then allow for the new plan or type of coverage.
- If the base policy includes any other rider, it may be added to the new policy with satisfactory evidence of insurability and any other applicable requirements.

Option amount limits

When a GIR option is exercised, the total amount of the new insurance issued by Canada Life on the life insured must be within the following limits:

- Minimum: $25,000
- Maximum is the lesser of:
  - Two times the face amount (including term riders) or
  - $300,000
- The total insurance amount of all new insurance issued under the GIR option may not exceed the cumulative maximum amount allowed under the GIR option, as illustrated in the table below.

Issue limits

Original coverage issue age	Cumulative maximum of all options is the lesser of:
0-36	$1,200,000 or four times selected option amount
37-39	$900,000 or three times selected option amount
40-44	$600,000 or two times selected option amount
45	$300,000 or one times selected option amount

Option dates

Option dates are the policy anniversaries nearest the insured's following birthdays: 25, 28, 31, 34, 37, 40, 45 and 50. Alternative option dates occur on the 91st day after:

- Marriage
- Birth or adoption of a child

The alternative option dates negate the next available option date. If a regular option date falls within the 90-day period before the alternative option date, it's cancelled. If an option date doesn't fall within the 90-day period and the insured purchases additional insurance on the alternative option date, the next available option date is cancelled. Requests for other special option dates are considered.

A written application must be received at Canada Life's head office within 60 days before or 31 days after the option date. Provided the insured is still living, coverage takes effect upon the later of:

- The option date
- Receipt by head office of the first premium no later than 31 days after the option date

Business growth protection (BGP) rider (10 or 15-year option period)

The business growth protection (BGP) rider gives business owners the option to purchase additional life insurance coverage on the life insured at their attained age, without providing additional medical evidence of insurability.

Designed to make it easier for business owners to increase their insurance when their share of the business grows in value, this rider is available to businesses and business owners, whether shareholders, partners or sole proprietors, for a business insurance need. The business must be headquartered in Canada, and have been operating at least three consecutive years. Operations in the U.S. will be considered on a case-by-case basis.

The rider is available for:

- Single-life policies – only one BGP rider is allowed per business per policy. If the applicant has more than one business, then a separate policy and BGP rider must be issued
- Joint policies – available on a single-life basis

Each rider can cover only one life and the life insured's interest in only one business.

The rider is not available for substandard risks. The risk must be standard before ASTRA programs are applied.

Issue age

10-year option: 18 - 65

15-year option: 18 - 60

Issue requirements

The rider can be added at issue or after issue, subject to medical evidence of insurability and financial underwriting approval. At the time of underwriting, a rider option period of 10 years or 15 years must be chosen.

In addition to the application, the business must provide:

- Financial statements for the company’s last three fiscal years. These financial statements must be prepared using Generally Accepted Accounting Principles (GAAP) by an accountant whose qualifications are acceptable to Canada Life.
- Documentation acceptable to Canada Life establishing the applicant’s current ownership interest in the company

The valuation of the business and the applicant’s share of it for the purposes of the rider will be as determined by Canada Life using one of the following methods:

- Asset-based valuation – This method is used for businesses with low earnings, where value is based on the underlying assets. For example, a real estate holding company or construction company.
- Earnings-based valuation – If the business has a stable track record and predictable prospects, then this method uses capitalized earnings or cash flow. If the business has fluctuating earnings or cash flow, then this method uses discounted earnings or cash flow.

Canada Life may accept alternative methods of valuation.

Cost

Rates vary by the chosen option period (10 years or 15 years), age, sex and smoker status. The premium for the rider is not banded. The cost is a level rate per thousand of the option amount.

The BGP rider is priced on the basis that the premium remains level even as options are exercised.

Option date amount limits

Issue minimum: $100,000

Issue maximum: $2.5 million

Financial underwriting by Canada Life will determine the value of the business for an option date, based on the financial statements provided from the last three fiscal years (and other information as is deemed necessary).

Cumulative maximum amount

The cumulative maximum amount of new life insurance coverage that can be purchased under the rider is the lesser of:

- $10 million
- Four times the rider’s option amount limit
- The life insured’s proportionate ownership share of any increase in the business value measured from the rider date

Increases in the option amount, and therefore in the cumulative maximum, are not permitted. Decreases in coverage are permitted, subject to the minimum option amount of $100,000 and our then current administrative rules.

Exercising an option

The option dates are on each rider coverage anniversary from years one through 10, or years one through 15, depending on the chosen option period. A letter of notification is mailed 60 days in advance to remind the policyowner of the option date. The option expires 31 days after its option date.

Options may be exercised to:

- Buy a stand-alone term 10 policy: Preferred rates are not available on the new coverage
- Buy a stand-alone term 20 policy: Preferred rates are not available on the new coverage
  - Buy a permanent life insurance policy (subject to administrative rules at that time)
  - If universal life insurance is elected for the new coverage:
  - Additional coverage can be either a stand-alone policy or added as a coverage on an existing policy
  - If participating life insurance is elected for new coverage:
  - There are no dividend option restrictions on that new insurance
  - The additional deposit option (ADO) is available, subject to medical evidence for the ADO amount.

An option may only be exercised if the financial underwriting review concludes that the value of the insured person's share of the business has increased since the rider date.

If the policyowner does not wish to apply for new insurance, the rider provision allows for the life insured to apply in the policyowner's place, with the policyowner's written consent. The life insured will be the policyowner of any new policy issued further to the life insured's application. This may result in tax implications and the policyowner and life insured should seek advice from their tax advisor.

The rider maximum amount will be reduced by the amount the new insurance issued.

The additional coverage which can be purchased at a single option date cannot be less than the policy minimums for new insurance at that time. It also cannot exceed any of the following:

- The maximum option date amount
- The insured's ownership of any increase in the business value measured from the rider date, minus all amounts of new insurance previously purchased under the rider
- The cumulative maximum amount, minus all option amounts of new insurance purchased under the rider

Benefits and riders

- If the base policy for the BGP rider includes an automatic payment benefit (APB), then at the policyowner's request, that benefit can also be added to the new policy, without medical evidence of insurability, provided the insured person is not disabled at the time of opting. The APB that can be added to a Millennium universal life insurance policy is the minimum premium or target premium for the converted life coverage, whichever is greater.
- If the policy contains an accidental death benefit (ADB) rider on the life insured at the date of option, then at the policyowner's request a similar rider may be included with the new insurance policy without evidence of insurability, unless prohibited by the terms of the rider or by our then current administrative rules. The amount of the new rider may not exceed the new insurance amount applied for at the date of option and must be within the maximum and minimum amounts we would then allow for the new plan or type of coverage.
- If the base policy includes other riders, they can be added to the new policy with medical evidence of insurability.

Termination

The rider will terminate automatically on the earliest of the following dates:

- Date of the life insured's death
- Rider expiry date (the 10th or 15th anniversary of the rider, as applicable)
- Date the cumulative maximum amount has been reached
- Date the remaining cumulative maximum amount is less than any available product minimums; and
- Date the base policy to which this rider is attached is fully converted, terminates, or lapses.

Accidental death benefit

This benefit provides additional coverage if the death of the insured is caused by an accident before the policy anniversary nearest the insured's age 70 and within 365 days after the accident.

Issue ages

0 - 65

Issue limits

The maximum amount available is the lesser of:

- The basic policy sum assured plus any term rider
- $400,000 of accidental death benefit applied for and inforce with all companies

Taxation

Millennium is monitored in an effort to make sure it remains exempt from accrual taxation. Under current Canadian federal tax legislation for Canadian residents, which is subject to change, policyowners are not taxed on interest earned on the policy's total account value, except for taxes that normally apply to policy loans, cash withdrawals or policy surrenders.

The policy's tax-exempt status is monitored at each anniversary. If the total account value has grown too large in relation to the death benefit, Canada Life may increase the insurance amount in accordance with the terms of the Millennium Accumulator provision or transfer the excess funds to the Millennium Account. The transfer may result in taxable income to policyowners.

Annual statement

Each year, policyowners receive a detailed policy statement. This contains a summary of the previous year's financial transactions, including premiums paid, interest credited and insurance and expense deductions. The statement includes the current status of the insurance amount, CSV, policy loans and interest options, as well as a summary of the previous year's Millennium Account transactions.

The *Millennium* contract

While every effort has been made to ensure the accuracy of the information in this guide at the date of printing, some errors and omissions may occur. In the event of a discrepancy, the terms of the *Millennium* contract will prevail.

Please contact your MGA, branch office or regional marketing centre for a sample contract. Sample contracts are also available in the *Concourse* illustration software. In advising any client on his or her particular policy, the terms of the actual policy must be consulted.

Whom do I call for help?

If you would like more information on *Millennium universal life insurance* and how it can help you achieve your business goals, please contact your MGA, branch office or Canada Life regional marketing centre.

Don't forget to register for *RepNet*, Canada Life's online marketing and sales support website http://repnet1.canadalife.com.

Canada Life™

Why Canada Life?

The Canada Life Assurance Company provides insurance and wealth management products and services. Founded in 1847, Canada Life was Canada's first domestic life insurance company.

Twenty years prior to Confederation, Canada Life began serving the needs of the people who inhabited the land that would become Canada. Over 160 years later, through offices from coast to coast, Canada's first domestic life insurance company continues to provide Canadians and their families with financial protection. Canada Life is a subsidiary of The Great-West Life Assurance Company and a member of the Power Financial Corporation group of companies.

Visit our website at http://repnet1.canadalife.com.

Canada Life™

For more information about our products, visit Canada Life™ *RepNet* (http://repnet1.canadalife.com) or contact your MGA, branch office or a Canada Life regional marketing centre nearest you:

British Columbia 1-800-663-0413

Prairie 1-888-578-8083

Ontario... 1-877-594-1100

Eastern 1-800-361-0860

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